

## CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

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SECURITY INFORMATION

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(FOR KEY SEE REVERSE)

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# 1. Revaluation of the eastmark.<sup>1</sup>

The decision to revalue the eastmark by one-third, made during the recent visit of Grotewohl and other leading East German Government officials to Moscow (19-21 August 1953), was to be put into effect on 1 September 1953. The planned revaluation on 1 September 1953, coincided with the Leipzig Fair and would have produced adverse results. Therefore, revaluation was postponed, first to 15 September, and later to 1 October.

# 2. USSR loans to East Germany

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During the visit of East German Government officials in Moscow (19-21 August 1953), the USSR made a loan of 485,000,000 rubles to East Germany namely: 350,000,000 rubles in goods to be supplied by USSR and 135,000,000 rubles in foreign currency. The loan of 135,000,000 rubles in foreign currency, amounting to about 13,000,000 pounds sterling, was to be made available

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25 YEAR RE-REVIEW

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- 2 -

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1. [ ] Comment: [ ] the revaluation of the eastmark is no secret in official circles, and speculation runs high as to the ultimate economic effect it will have. It is believed [ ] that revaluation would bring immediate, temporary benefits but only on paper. East German adverse trade balances with the Soviet Bloc would be cut by a third. However, since barter trade is based on world market prices, this cut would represent only an imaginary profit. The position with western countries remains unaltered because the eastmark is a currency which is not quoted. A real advantage would accrue from foreign currency transfers made by individuals in western countries to individuals in East Germany. The general opinion is that revaluation of the eastmark is a propaganda measure.
2. [ ] Comment: Transfers in cash have been reported before. It is almost certain that this money finds its way, in installments, into [ ] diplomatic pouch. After a short lapse of time, the DNB usually receives credit notes in [ ] from the [ ] in [ ] the money is used for the purchase of coffee.

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